The construction of the cooling unit, one of the major components of the Rooppur Nuclear Power Plant in Pabna, is underway. Russia is providing Tk 91,040 crore for the Tk 113,092 crore project, which is expected to become operational in 2023. The photo was taken on October 10 last year. PHOTO: AHMED HUMAYUN KABIR TOPU

Rooppur power plant sees 20pc development budget cut

Allocation for 10 mega projects slashed 1.74pc

REJAUL KARIM BYRON *and* MD ASADUZ ZAMAN

The government has slashed the development allocation for the Rooppur Nuclear Power Plant (RNPP) by around 20 per cent in the revised budget for the current fiscal year.

In a meeting, the National Economic Council yesterday approved the revised budget of Tk 14,836 crore for the country's largest infrastructure project for FY2021-22, down from Tk 18,426 crore originally.

Prime Minister Sheikh Hasina presided over the meeting virtually.

The overall Annual Development Programme (ADP) was trimmed by 7.88 per cent to Tk 207,550 crore, keeping the government's contribution unchanged while cutting the foreign portion by 20 per cent, or Tk 17,774 crore.

Briefing reporters after the meeting, Planning Minister MA Mannan said that the government primarily made allocations to projects based on expectations, but at the end of the year, the budget was revised on the basis of reality.

When asked about the impact of the Russia-Ukraine conflict on the RNPP project, the minister said, "There will be no direct effect on the plant."

"It's completely a bilateral agreement. All equipment, know-how, and funding are coming from Russia, and no third party is involved. The coronavirus pandemic was no less important than this conflict, but all activities have continued throughout the pandemic period," said Mannan. He, however, said if the Russia-Ukraine conflict lingers, there might be some indirect effects.

"No disruption is foreseen in any of the commitments and work schedules in the construction of the Rooppur Nuclear Power Plant," said Rosatom, the contractor of the plant, in a statement on Tuesday.

In 2015, Rosatom and the Bangladesh Atomic Energy Commission signed a contract to build the plant, consisting of two units with a capacity of 1,200 megawatts each.

Originally, the first unit of the plant was scheduled to open by 2024 and the second unit by 2025. But the plant is expected to become operational from 2023, said Shaukat Akbar, project director, earlier.

The project cost is Tk 113,092 crore. Russia is providing Tk 91,040 crore as a loan while the rest is coming from the government.

In the revised ADP, the allocation for 10 mega projects, including the RNPP, was slashed by 1.74 per cent to Tk 50,149 crore, documents from the planning ministry showed.

The budget for the Dhaka Metro Rail Project was brought down to Tk 4,233 crore from Tk 4,800 crore.

The budget size of the South Asia Subregional Economic Cooperation Elenga-Rangpur highway project went down to Tk 2,344 crore from Tk 2,550 crore. The Bangabandhu Sheikh Mujib Railway Bridge's allocation for FY22 now stands at Tk 2,177 crore from Tk 3,580 crore in the original ADP.

The Padma Multipurpose Bridge Project's allocation was brought down to Tk 2,500 crore from Tk 3,500 crore, and that of the Dhaka Sylhet land acquisition project witnessed a rise of budget to Tk 2,150 crore from Tk 1,675 crore previously.

The Padma Bridge Rail Link has seen its development allocation rise to Tk 6,134 crore from Tk 3,823 crore and the Fourth Primary Education Development Programme to Tk 6,138 crore from Tk 5,053 crore.

The authorities did not bring any change to the allocation for the Matarbari Power Plant of Tk 6,162 crore and the Hazrat Shahjalal International Airport of Tk 3,473 crore.

Planning Secretary Pradip Ranjan Chakraborty said that some projects see an increase in allocation, while others see a decrease. "This is nothing new."

Abu Hena Morshed Zaman, secretary of the Implementation Monitoring and Evaluation Division, said conditions are not the major reason.

"When we take in foreign aid, we have to purchase foreign equipment and hire foreign consultants. But because of the pandemic or lockdowns, the consultants were out of the country and we could not import equipment in a proper way."

Sri Lanka runs out of fuel amid dollar crisis

AFP, *Colombo*

Sri Lanka's public transport was crippled Wednesday as buses ran out of diesel, officials said as the country's foreign exchange crisis worsened with no dollars to import fuel.

The Private Bus Owners' Association said they were able to operate only about a quarter of their fleet of 20,000 vehicles, while drivers reported queuing for seven hours to top up fuel.

"I could not run the bus for two days because there was no diesel," said 51-year-old bus driver Sarath. "I have been in the diesel queue for seven-and-a-half hours."

Many commuters were seen using their own motorcycles and small cars Wednesday after bus operators warned of drastically scaled back schedules.

One of Sri Lanka's biggest fuel suppliers, Lanka IOC, put up prices by as much as 12 per cent on Saturday while the state-owned Ceylon Petroleum Corporation (CPC) said it too asked the government to allow it to raise prices.

CPC sources said Wednesday they had supplies only for four more days.

"We have also reduced the issue of diesel to gas stations and asked pumps to try and ration supplies," one said.

Taxi driver Thushara, 36, said he was in a queue for six hours to get petrol for his three-wheeler.

Canada economy grew 4.6pc in 2021

AFP, *Ottawa*

Canada's economy grew 4.6 per cent in 2021, bouncing back from its worst plunge on record the previous year due to the pandemic, the government statistical agency said Tuesday.

Gross domestic product (GDP) rose 1.6 per cent in the fourth quarter -- or 6.7 per cent at an annualized rate -- as the economy was hit by a wave of the Omicron variant of Covid-19.

The quarterly advance was "a touch faster than expected," Desjardins analyst Royce Mendes said in a research note, with the economy ending the year stronger after contracting 5.2 per cent (revised from 5.4 per cent) in 2020.

Several analysts also expressed surprise over preliminary data showing the economy managed to push ahead in January, led by retail and construction, despite the reintroduction of Covid lockdowns in some provinces.

Mendes said that momentum was likely to have accelerated in February and outpaced the Bank of Canada's growth forecast for the first three months of this year, as regions moved to relax public health restrictions.

But he also warned of an economic fallout going forward from the war in Ukraine, mostly through higher energy prices, and with "supply chains in Europe already being impacted."

Last year's economic growth, according to Statistics Canada, was driven by business investment in engineering structures and home ownership transfer costs, as well as an accumulation of inventories. Imports outpaced exports.

And household spending growth was moderated by rising prices.

February exports hit

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in $4.9 billion, an all-time high for single-month earnings.

Meanwhile, the takings were $4.16 billion in September, $4.72 billion in October, and $4.04 billion in November.

Between July and February, the first eight months of the current fiscal year, receipts from merchandise shipments grew 30.86 per cent to $33.84 billion.

The July-February earnings are also 16.5 per cent higher than the target of $29.05 billion. During the July-February period in fiscal 2020-21, the total earnings were $25.86 billion.

As usual, the garment sector contributed the highest in the period.

Garment exports grew 30.73 per cent to $27.49 billion between July and February. Receipts from garment shipments stood at $23.47 billion in the same period of fiscal 2020-21.

Of the amount earned by garments in the July-February period this year, knitwear fetched $15.06 billion by registering growth of 32.87 per cent year-on-year. At the same time, earnings from woven items grew by 28.23 per cent year-on-year to reach $12.42 billion.

"We are hopeful that the buoyance in garment exports will continue to grow as we have already booked an increased volume of work orders from international retailers and brands," said Faruque Hassan, president of Bangladesh Garment Manufacturers and Exporters Association.

The unit price for garment items has increased though as the price of raw materials rose in international markets.

"We are concerned about the Russia and Ukraine war as both countries are emerging markets for us. If the war stops, our exports to the two countries will grow rapidly," he said.

However, local garment makers are worried about getting payments from Russian buyers as there is a ban on using SWIFT in the country.

The Society for Worldwide Interbank Financial Telecommunication, or SWIFT, is a Belgian cooperative society providing services related to the execution of financial transactions and payments between banks worldwide.

"But we have more work orders. We are trying to increase the prices from our buyers. No buyers asked anything regarding the European markets as business is continuing as usual," Hassan said.

"Rather, we have asked the EU for an extension on the tariff benefits for Bangladesh even after the country's LDC graduation. We got a favourable reply from the EU. Our Asian markets are also showing great promise for garment items," he added.

In July-February, textile exports grew 35.98 per cent to $993.76 million while leather and leather goods shipments increased 29.61 per cent to 784.98 million.

Between July and February, earnings from frozen and live fish exports grew 20.44 per cent to $407.1 million, agricultural products 28.36 per cent to $853.2 million, and pharmaceuticals 21.28 per cent to $130.57 million.

Non-leather footwear exports were up 32.74 per cent to $290.48 million, cotton yarn and fabrics grew 45.49 per cent to $150.22 million, and terry towel edged up by 19.39 per cent to $31.28 million.

However, jute and jute goods, a promising export item, did not fare well as shipments declined 7.34 per cent to $799.42 million during the eight-month period.

Relaxed policies fail to

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recovered a good amount of default loans last year.

BB data showed that 47 per cent of the defaulted loans were with the nine state-run banks.

NPLs in the state-run banks rose 6 per cent year-on-year to Tk 48,968 crore last year.

Forty-one private commercial banks held defaulted loans of Tk 51,521 crore, up 28 per cent from a year ago. The NPLs in nine foreign banks increased to Tk 2,785 crore in contrast to Tk 2,038 crore.

Five lenders that saw the sharpest spike in default loans are National Bank, Agrani, Rupali, IFIC, and UCB.

Mohammad Shams-Ul Islam, managing director of Agrani Bank, said that classified loans at the bank rose by 20 per cent last year.

BB data, however, showed that NPLs at the bank stood at Tk 7,756 crore last year in contrast to Tk 5,859 crore the year before, an increase of 32 per cent.

Islam explained that the actual default loans at Agrani Bank increased to Tk 6,472 crore in 2020 after the completion of the audit carried out by the BB.

The ratio of classified loans at the bank is still lower among the state-owned commercial banks, he said.

Collateral-free loans made

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"Online-based SMEs have boomed amid the pandemic and as a microfinance organisation, we think that we can play a role in developing the new sector," said Imran Ahmed, deputy director of Shakti Foundation.

There will be no need for collateral to secure a loan while the service charge of this scheme is also relatively low compared to that of other local microfinance institutions, he added.

At present, there are about 50,000 local business pages on Facebook, according to a recent report by Asian Development Bank.

AHM Noman Khan, executive director of Centre for Disability in Development (CDD), and Samia Chowdhury, chief executive officer (acting) of MTB Foundation, signed an agreement for their project titled 'Promoting Quality of Life of People with Disabilities Living in Rural Areas in Bangladesh' at the bank's corporate head office in Gulshan, Dhaka recently. Syed Mahbubur Rahman, managing director of the bank, Chowdhury Akhtar Asif, additional managing director, Rais Uddin Ahmad, deputy managing director, Mohammad Nazmul Hossain, group chief financial officer, and Nazmul Bari, director of the CDD, were present. PHOTO: MUTUAL TRUST BANK

Bangladesh feels the heat

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and other commodities," said Prof Mustafizur Rahman, a distinguished fellow of the Centre for Policy Dialogue.

Besides, the cost of other imported products is also rising, he added.

On November 3 last year, BPC raised the price of diesel by 23.1 per cent to Tk 80 per litre.

Due to an increase in the cost of imported products, there is a big pressure on import inflation and it could intensify further.

Such a situation will cause uncertainty and aggravate the difficulties of economic management, especially macroeconomics, Rahman said.

He went on to say that macroeconomic management in the country will face a number of challenges and for that, fiscal measures such as adjusting or waving tariffs is important to rein in the unbridled commodity prices.

The failure to properly manage the situation is also responsible for the soaring inflation. As a result, consumers are having to buy products at higher prices.

"So, market monitoring and intense negotiation over bringing products from the global market at competitive prices has become important," Rahman added.

According to Zahid Hussain, an eminent economist, the pressure on external balance and the exchange rate will deepen due to the rising fuel costs.

"The external current account deficit in the first half of fiscal 2021-22 had already reached a record high of over $8 billion due to a steep increase in import payments and significant deceleration in remittance," he said.

In addition, increases in global commodity prices in the aftermath of this crisis will fatten the import bill further.

"There may not be any major impact on remittance assuming migrant workers in the war-affected part of Europe will not face any complications in transferring money, but the persistence of a high current account deficit implies continued pressure on the exchange rate," Hussain added.

Towfiqul Islam Khan, senior research fellow at the Centre for Policy Dialogue, said the war is not being waged only on Ukraine's soil as it is in full throttle on the economic front with various sanctions and other measures.

The implications of these sanctions on global trade and commodity prices are high as prices would go up, and there will be pressure on Bangladesh's balance of payments.

"As a small open economy, Bangladesh is a taker since we have to bear the implication. It appears that the war on the economic front could be prolonged, even if the military operations end," Khan added.

He said the global commodity prices are on the rise and this will increase import bills, inflation and the cost of production. The second issue is that foreign aid and foreign direct investment will also be affected.

Strengthening macroeconomic strategies is important as it is now threatened by rising inflation, deterioration of the balance of payments, and instability in the foreign exchange market.

"It is important for us to control prices to support the purchasing power of middle and low income people, and the government should broaden the reach of the Trading Corporation of Bangladesh to supply subsidised products to marginal, limited income and poor people," Khan said.

"Also, international commercial transactions and business dealings should be carried out with utmost caution now so that they can avoid difficulties for violating sanctions", he added.